TABLED DOCUMENT NO. 60 - 12 (5) TABLED ON MAR 29 1994

NWT POWER CORPORATION
RESPONSE TO

STANDING COMMITTEE ON AGENCIES, BOARDS AND COMMISSIONS

FINAL REPORT ON THE NWT POWER CORPORATION

March 18, 1994

RECOMMENDATION #1:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION CONTINUE TO STANDARDIZE EQUIPMENT IN PLANTS ACROSS THE NORTHWEST TERRITORIES.

When the Northwest Territories Power Corporation (NWTPC) was established in 1988, the diesel plant system was made up of a wide variety of engines. As part of the takeover agreement, NWTPC inherited this variety of engines. NWTPC has made great progress towards standardization, but although the variety of engine types has been reduced over the years, the system has still not been totally standardized.

NWTPC has attempted to reach a level of standardization of plant equipment, but, at the same time, is concerned about cost effectiveness, delivery times, reliability, availability of parts and operating efficiencies. The Corporation has also attempted, where possible, to give consideration to new technologies and new developments in the utility industry.

NWTPC has focused its purchase of engines on Caterpillars for the smaller plants and Caterpillar, EMD, and Wartsila for the larger plants. A major factor in selecting the appropriate equipment for a plant is the size of the engine required and its operating efficiency. Manufacturers make a variety of engine sizes, and, depending on their business focus, these engines will have different efficiencies. Since, over the life of the machine, the operation and maintenance costs far exceed the capital cost, the Corporation carefully assesses the financial impact of the different efficiencies before purchasing a machine.

It would not be advantageous for NWTPC to standardize on a product that was only available from one supplier. Equipment and parts delivery, as well as availability and product support, are serious considerations for the Corporation. Caterpillar, Wartsila, and EMD products are widely distributed throughout North America, and parts and equipment are generally available from a number of suppliers.

RECOMMENDATION #2:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION ENSURE THE EQUIPMENT PURCHASED FOR PLANTS USES TECHNOLOGY APPROPRIATE TO THE NEEDS AND EXPERTISE OF LOCAL EMPLOYEES AND RESIDENTS.

NWTPC agrees that equipment purchased for plants must employ technologies that are appropriate. The Corporation is pleased to note that the committee encourages the use of new technologies and efficiencies.

There is an on-going need to both upgrade plants and, in certain situations, to build completely new plants. In some cases, new technologies are introduced merely by the fact that the equipment in the old plant is no longer available and new systems have been developed. This is an unavoidable case in the older plants.

NWTPC plans the purchase of new equipment based on the existing system, the needs of the community and the equipment/technology available. The objective is to balance costs, equipment, safety and operating efficiency, and, at the same time, meet the regulatory standards established by the Public Utilities Board (PUB).

If a new technology is introduced at the plant level, NWTPC ensures that staff are properly trained in both the operation and maintenance of the equipment. Introducing new equipment and providing staff with the appropriate training provides the Corporation and the community with new skills and expertise.

Over time, NWTPC will continue to introduce new technologies. It is important that the Corporation operate as efficiently as possible and select equipment that meets the requirements of its customers. Staff training and development go hand in hand with the introduction of new equipment. NWTPC has always maintained a high level of qualified staff and the skill level of the staff will continue to improve as new technologies are introduced.

RECOMMENDATION #3:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE DEPARTMENT OF ENERGY, MINES AND PETROLEUM RESOURCES SUBSTANTIALLY REVISE ITS ENERGY MANAGEMENT INITIATIVES SO AS TO PROMOTE BETTER COMMUNITY AWARENESS AND INVOLVEMENT.

During the first six months of 1993, the Department of Energy, Mines, and Petroleum Resources focused its efforts on two GNWT priority initiatives: the Utilities Reduction Program and User Pay for Staff Housing. Promotional activity in communities targeted the assets of the Northwest Territories Housing Corporation and the Department of Municipal and Community Affairs as well as GNWT staff in staff housing.

During the latter half of the year and continuing into 1994, the Department has broadened its awareness activity through the media of radio, the press and television.

In conjunction with these measures, the Department is currently assessing various initiatives which are aimed at allowing all utility users to share in the benefits of reduced consumption. This will optimize the effect of energy awareness activity and fully justify its cost.

RECOMMENDATION #4:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION DEVELOP A RESEARCH AND DEVELOPMENT PROGRAM TO EXPLORE OPTIONS AND SOLUTIONS WHICH ALLOW TECHNOLOGY TO BETTER MEET THE CHALLENGES OF THE NORTH.

Instead of adopting a single window approach, NWTPC has adopted an integrated approach to handle its research and development requirements. NWTPC does not have a large staff and, in order to meet the on-going challenges of growing customer needs, research and development has been established as an integral component of planning, engineering and operations.

It is true that the Corporation does not specifically conduct original research and development programs. However, by utilizing the research provided by other agencies, NWTPC is able to keep abreast of current developments and take advantage of technological progress.

Information related to innovative new developments is collected from agencies such as the National Research Council and the NWT Science Institute. NWTPC staff belong to professional associations which continually make information available regarding research and development advancements. In addition, industry associations such as the Canadian Electrical Association and the Northwest Public Power Association provide on-going information and access to resources regarding research and development.

NWTPC has always adopted an open and proactive approach regarding research and development. The Wind Farm project at Cambridge Bay involved the National Research Council as well as the federal Department of Energy, Mines, and Resources. At the time the Wind Farm concept was developed, the NRC was the leading authority on wind power development in the country.

NWTPC is subject to regulation by the NWT Public Utilities Board and all costs incurred by the Corporation are reviewed to ensure they relate to the production of power and are prudent expenditures. When considering issues such as research and development, NWTPC must consider whether the PUB will allow program costs to be included in the rate base. By taking an integrated approach to research and development and relying more on developments that are tested by others, the Power Corporation makes the most efficient use of the funds provided by rate payers. Larger utilities and established research organizations are better positioned to establish expensive research programs and absorb the long-term costs. NWTPC feels that its

approach to research and development insulates its customers from costly research programs, and, at the same time, ensures that electrical rates are maintained at an acceptable level.

Research and development has a broad-based approach within the Power Corporation. Recent research and development developments/initiatives involving NWTPC include:

Science Institute	-	photo-voltaic
	-	windmills
	-	wood pellets
Fort Smith	-	hydrogen
Government Services and Public Works/ Science Institute	-	windmill, Igloolik

NWTPC has also completed research into the hydro potential of the Sylvia Grinnel River and Bloody Falls, as well as the routing of a transmission line from Fort Smith/Pine Point to Yellowknife. The Corporation has also looked at the extension of the BC Hydro Grid into the Fort Simpson area. The recent agreement with the Dogrib will provide hydro power developments at Snare Cascades and Lac La Martre.

The Corporation designed and developed a modular plant prototype. The modular design is suitable for operations in arctic climates and was originally conceived to meet NWTPC needs. The design has a number of commercial applications and could be marketed on a world-wide basis.

NWTPC examines new technologies and new developments in the field of electrical generation on a day-to-day basis. The planning process considers the primary requirements of each community and how these can be delivered in a cost effective manner while meeting safety and technical operating standards and regulatory approvals. NWTPC is continually exploring any new developments that will improve the level of service to the customer.

Research and development has traditionally been an important aspect of NWTPC's business and will continue to be important in the future.

RECOMMENDATION #5:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION BE REQUIRED TO FOLLOW GOVERNMENT OF THE NORTHWEST TERRITORIES POLICIES RELATING TO THE USE OF NORTHERN BUSINESSES, LABOUR AND MATERIALS.

NWTPC was established as an independent Crown Corporation by the Government of the Northwest Territories (GNWT) in 1988. NWTPC operates as a business and, as such, it is imperative that common business practices are reflected in the activities of the Corporation.

NWTPC must adhere to the regulatory regime established by the NWT PUB. Even though regulation presents certain non-business related limitations, these factors are accepted as a standard business practice of the electrical utility industry. Regulated utilities are still expected to operate in a proper, business-like manner in all aspects of their operations. However, costs deemed by the PUB to be in excess of good business practice are not recoverable in the rate base by NWTPC.

For example, if NWTPC does not perform as a business and provide a fair return to its shareholders, borrowing costs will increase and capital will become difficult to acquire. This is no different than how other businesses are treated. Financing is based on performance and the confidence that the operation is being managed in a sound manner.

NWTPC does not receive funding from the GNWT. The Corporation generates its own revenues, pays its accounts, provides a return to its shareholders and is repaying the GNWT's original debt acquired when NWTPC was purchased from the federal government. It is difficult to operate as an independent business, and then, at the same time, meet guidelines established for government departments with a completely different focus.

NWTPC makes every attempt to be a good, contributing corporate citizen. While the Corporation is not bound by the GNWT's Business Incentive and Northern Preference Policies, NWTPC's Tendering Policy contains a Northern Preference provision. Northern contractors are given preference at the level of ten per cent on tender bids. Wherever possible, NWTPC works with the local business community for the provision of goods and services. Local field staff, including Plant Superintendents, have the ability to authorize local purchase orders and are encouraged to work with local businesses.

RECOMMENDATION #6:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION ENSURE FAIRNESS TO LONG-TERM CONTRACT WORKERS BY REVIEWING ALTERNATIVE EMPLOYMENT METHODS WHICH WOULD ALLOW GREATER PARITY BETWEEN THESE WORKERS AND PERMANENT EMPLOYEES.

NWTPC supports the recommendation that long-term contract operators be treated in a fair and equitable manner.

The Corporation has raised this matter with the Union of Northern Workers (UNW). NWTPC has met with the Union on two occasions to discuss the inclusion of part-time Plant Operators in the Collective Agreement. The current Union agreement has no provision for part-time Plant Operators.

NWTPC is attempting to provide for the treatment of contract operators as part-time employees. In order to accomplish our objectives regarding the contract operators, NWTPC must secure the agreement of the UNW. The Corporation will continue its efforts to develop a Memorandum of Understanding with the Union which will permit part-time Plant Operators to be included as employees under the provisions of the contract.

RECOMMENDATION #7:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION TAKE THE FOLLOWING STEPS TO PROMOTE THE HIRING AND PROMOTION OF NORTHERN PEOPLE:

1. ADOPT AN AFFIRMATIVE ACTION POLICY WHICH IS CONSISTENT WITH THE GOVERNMENT'S AFFIRMATIVE ACTION POLICY.

2. INCLUDE REFERENCE TO THE CORPORATION'S AFFIRMATIVE ACTION POLICY IN ALL JOB ADVERTISEMENTS.

3. ANNUALLY TABLE A NUMERICAL SUMMARY, IN THE LEGISLATIVE ASSEMBLY, OF THE AFFIRMATIVE ACTION STATUS OF ALL POWER CORPORATION EMPLOYEES.

4. TABLE AN AFFIRMATIVE ACTION PLAN IN THE LEGISLATIVE ASSEMBLY DURING THE FEBRUARY/MARCH 1994 SESSION INDICATING SPECIFIC PROGRAMS FOR INCREASING THE EMPLOYMENT OF NORTHERNERS BY THE CORPORATION.

The Corporation is subject to the Public Service Staffing Appeals Regulations, and it is this legislation that stipulates affirmative action be part of the recruitment process.

NWTPC implemented the affirmative action provisions of the legislation in 1991. Currently, the Power Corporation can report an overall level of 106 employees eligible for affirmative action status out of a total 262 employees. This translates to an effective rate of 40.5%. As part of the Affirmative Action program, the Corporation includes reference to its affirmative action policy in all job advertisements.

NWTPC will table an annual statistical summary of its affirmative action status with the Legislative Assembly. However, it is difficult for the Power Corporation to develop an annual affirmative action plan for increasing the employment of northerners. NWTPC has certain staff requirements that must be met by either journeyman trades personnel, technical certificates and/or professional designations. Vacancies in these areas are subject to the Affirmative Action Policy, and candidates must also meet the specific qualifications required for the position.

The Corporation is not satisfied with the current level of affirmative action candidates in the senior ranks but is committed, through experience and training, to advance employees through the ranks. NWTPC is also eager to hire trained candidates.

NWTPC has consistently improved its affirmative action status and will continue to provide a corporate commitment to the program. The Corporation examines every opportunity to provide affirmative action initiatives while maintaining a high standard of qualified employees.

RECOMMENDATION #8:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT ALL POSITIONS WITHIN THE POWER CORPORATION BE FILLED USING AN OPEN COMPETITION PROCESS WHICH DOES NOT GIVE CURRENT EMPLOYEES PRIORITY OVER LOCAL RESIDENTS.

NWTPC has a well-established hiring process that has been in place for some time. As previously mentioned, NWTPC implemented the GNWT Affirmative Action Policy in 1991. The Corporation also incorporated the provisions of the Collective Agreement and the Public Service Staffing Appeals Regulations as an integral part of its hiring practices.

The current Collective Agreement requires NWTPC to give hiring preference to employees on lay-off status. This practice has been in place for some time, even during the NCPC days.

Under the Public Service Act, the Chairman of NWTPC has been delegated hiring authority. This authority provides NWTPC with the ability to hire its own staff.

The majority of all job vacancies are filled by open competitions. Vacancies are advertised both internally and in the newspapers. Job vacancy ads are placed in the northern newspapers prior to appearing in southern newspapers.

Every attempt is made to retain a stable and highly qualified work force. NWTPC, in many cases, must hire qualified staff with a journeyman certificate or a professional designation. To the extent that candidates are available in the north, NWTPC would prefer to hire on a local basis. Employee development and local hire are an integral part of the recruitment process and have provided NWTPC with a skilled workforce resident in communities throughout the north.

RECOMMENDATION #9:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION DEVELOP A TRAINING PROGRAM FOR ALL OPERATIONAL STAFF WHICH PROVIDES REGULAR, ON-GOING OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT, INCLUDING APPRENTICESHIP OPPORTUNITIES.

NWTPC has a strong commitment to training and has encouraged management and staff to participate in training programs on an on-going basis.

Staff training and development are functional requirements for new staff at each plant. In addition, existing staff are provided with training on new equipment and new technologies as required.

NWTPC has provided for staff training as part of departmental and plant budgets. The requirements for employee development are determined on an annual basis by management and the individual employees.

NWTPC recently graduated two of its three apprentice linemen. The two linemen completed their journeyman programs and have received their tickets. The third apprentice is still enrolled in the program.

NWTPC carried out a number of operational training programs over the past few years. These include:

- Distribution System Training for Plant Operators
- Live Line Training
- Utility Work Protection Code Training
- CPR
- St. John Ambulance

An oil spills response training program is in the planning stages, and the Corporation has established a committee to oversee the development of Plant Operator and Systems Operator training programs. The Committee is currently examining the requirements at the plant level and developing an overall approach for the training. It is expected that a training program will be in place in the next twelve months.

During the past year, NWTPC implemented a Front Line Leadership Training Program for approximately 50 supervisory staff. This program is being delivered in Hay River, Yellowknife, Inuvik, Rankin Inlet and Iqaluit. The Corporation has now added a staff level component to this program which will see an additional 100 employees participate in the program.

NWTPC is strongly committed to training and staff development. Funding is included in annual budgets and training programs are supported by the Board and management. The 1994-95 staff development and training budget is approximately $350,000.

RECOMMENDATION #10:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION WORK WITH ARCTIC COLLEGE TO DEVELOP OR IDENTIFY TRAINING COURSES AS REQUIRED TO SUPPORT THE CORPORATION'S AFFIRMATIVE ACTION INITIATIVES.

Regional Managers have been advised that Arctic College is a potential source of training programs and may also provide assistance in the development of training. As appropriate, NWTPC will discuss potential training requirements with Arctic College and utilize the College where possible.

A great deal of the training utilized by NWTPC originates from proven programs developed by industry and professional organizations. Employees are also encouraged to participate in applicable college and university programs.

NWTPC recognizes the broad-based system of programs and services offered by Arctic College and would expect to work with the College as opportunities arise.

RECOMMENDATION #11:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION REVIEW ITS HEADQUARTERS ESTABLISHMENT TO DETERMINE WHETHER SOME HEADQUARTERS FUNCTIONS COULD BE MORE EFFECTIVELY AND EFFICIENTLY DELIVERED IN THE FIELD AND REPORT ITS FINDINGS TO THE LEGISLATIVE ASSEMBLY BY MARCH 31, 1994.

In 1988, the time of the NCPC transfer, NWTPC completed an extensive review of its Head Office operations. When NWTPC took over the operation, there were approximately 95 employees at Head Office. NCPC had reduced Head Office staff from 110 to 95 during the year preceding the take-over.

NWTPC felt that by making some dramatic changes in the operation that it may be possible to establish a Head Office in Hay River with a staff complement of 45. When the NCPC takeover became final, and the re-organization was complete, it was evident that 45 positions were not sufficient if the customers and the plants were to receive the level of support service expected from an efficient, regulated public utility.

The 73 positions now located at Head Office reflect the current optimal staffing level for Hay River. NWTPC has maintained staffing levels since moving to Hay River despite the increase of demands of regulations and is attempting to keep them at this level for the foreseeable future. However, it should be noted that NWTPC may need to hire additional staff in order to meet additional regulatory requirements.

Two new Regional Operations Managers were hired in 1993; one at Inuvik and one at Iqaluit. The Operations Manager in Yellowknife has been in place for approximately three years. The new managers provide the regions with strengthened operations and increased levels of responsibilities. Regional managers now have better communications with Head office and, consequently, can exercise more local discretion and decision making. The regional managers report directly to the Vice-President of Operations.

The ability to centralize a number of functions in a relatively small head office provides NWTPC with many efficiencies that are not necessarily available in a decentralized system. NWTPC went through dramatic change in its operations and staffing during the NCPC transfer. The new NWTPC has improved the way it does business in the north and how Head Office interfaces with the plants.

NWTPC is field- and customer-oriented and this drives the operation of Head Office. Working hand in hand with plant staff, Head Office attempts to meet the needs of the communities in the most efficient manner possible.

RECOMMENDATION #12:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT THE POWER CORPORATION DEVELOP A MORE EFFECTIVE SYSTEM WHICH ALLOWS LOCAL RESIDENTS AND BUSINESSES TO COMMENT ON THE LEVEL OF SERVICE BEING PROVIDED IN THEIR COMMUNITY AND ENSURE THAT RESIDENTS AND BUSINESSES ARE AWARE OF THE SYSTEM AND HOW TO USE IT.

As part of a PUB directive, NWTPC is currently in the process of developing Franchise Agreements with each of the communities. When finalized, the Franchise Agreements will establish a consultation mechanism for the Corporation and the community. NWTPC will consult with the communities on a regular basis, and the community will have the ability to provide input regarding new developments and current operations. This is a major step forward and NWTPC is anxiously awaiting receipt of signed Franchise Agreements which can be registered with the PUB.

Approximately two years ago, NWTPC hired a Customer Service Technician at its Yellowknife Corporate Development office. Plants now have a point of contact for matters that require additional customer service assistance. Customer service matters that can be handled at a local level are dealt with by the plant. The community plant is the first point of contact, in most instances, and local employees can solve the issues at hand.

The new Customer Service Technician has been working with more and more plants as well as directly with customers. Energy audits are being carried out in the communities and energy conservation advice is provided to individual and corporate customers.

The Yellowknife office does a weekly energy conservation program on CBC Radio which is broadcast in the western Arctic. To date, 30 of these programs have been compiled and NWTPC is now attempting to extend the broadcast to the eastern Arctic.

NWTPC has participated in a number of Trade Shows and Career Awareness events in the communities throughout the Territories. This exposure at the local level promotes direct contact with NWTPC customers. All senior managers are encouraged to travel to the plants on a regular basis to review operations and meet community leaders and customers. The Corporation is also developing materials for presentation in the communities. These new materials are designed to inform the public on operation of the electrical system and the hazards and benefits it presents.

NWTPC has implemented a proactive approach to customer service. The Corporation is constantly moving forward in an attempt to improve its services and will continue its efforts to meet the expectation of the customers.

RECOMMENDATION #13:

The Standing Committee on Agencies, Boards and Commissions recommends:

THAT, IN ACCORDANCE WITH RULE 93(5), THE EXECUTIVE COUNCIL TABLE A COMPREHENSIVE RESPONSE TO ALL RECOMMENDATIONS CONTAINED IN THIS REPORT WITHIN 120 CALENDAR DAYS OF THE PRESENTATION OF THIS REPORT TO THE HOUSE.